IN THE HIGH COURT OF JUDICATURE AT BOMBAY

ORDINARY ORIGINAL CIVIL JURISDICTION

INCOME TAX APPEAL NO.979 OF 2000

The Commissioner of Income Tax ..Appellant

Vs.

Vimal Fabrics Ltd. ..Respondent

Mr.P.S.Sahadevaa for the Appellant.
Mr.J.D.Mistry with Raj Darak for the Respondent.

CORAM :- DR.S.RADHAKRISHNAN &
J.P.DEVADHAR,JJ.

DATE : 27TH FEBRUARY,2007

P.C.

1. Heard the learned Counsel for the parties.

The above Appeal is admitted on the following

substantial questions of law:

1. "Whether on the facts and in the circumstances of the case, the Tribunal was right in law in holding that the assessee was entitled for deduction under Section 80-M at 60% of the gross dividend of Rs.15,68,795/- or an amount of Rs.52,505/- ought to be reduced as the assessee had invested interest bearing funds in the purchase of shares and deduction under Section 80-M is allowable on net dividend only ?"

2. "Whether on the facts and in the circumstances of the case, the Tribunal was right in law in holding that the commission paid on sales could not be included in computing the disallowance under Section 37(3A) as the same was not sales promotion expenses?"

2. Both the learned Counsel for the parties fairly states that the tax liability in the above Appeal is less than Rs.2,00,000/-. In view of the Circular dated 27th March,2000, we dismiss the above Appeal.

(J.P.DEVADHAR,J.) **(DR.S.RADHAKRISHNAN,J.)**